



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor

BETTY RIVERA

Cabinet Secretary

December 30, 2002

Lori Wrotenbery

Director

Oil Conservation Division

Chevron U.S.A. Inc.

15 Smith Road

Midland, Texas 79705

Attention: J. Denise Pinkerton (Leake)

leakejd@chevrontexaco.com

Administrative Order NSP-1350-A

Dear Ms. Pinkerton:

Reference is made to the following: (i) your application that was submitted to the New Mexico Oil Conservation Division ("Division") on December 23, 2002 (*NMOCD administrative application reference No. pKRV0-235835242*); and (ii) the Division's records in Santa Fe, including the files on Division Administrative Orders NSL-3748 (SD) and NSP-1350: all concerning Chevron U.S.A. Inc.'s ("Chevron") request to delete the 40 acres comprising the NE/4 NW/4 (Unit C) of Section 26, Township 21 South, Range 37 East, NMPM, Lea County, New Mexico from an existing standard 160-acre gas spacing and proration unit ("GPU") comprising the NW/4 of Section 26 and creating a 120-acre non-standard GPU consisting of the following acreage in the Tubb Oil and Gas Pool (86440):

LEA COUNTY, NEW MEXICO
TOWNSHIP 21 SOUTH, RANGE 37 EAST, NMPM
Section 26: W/2 NW/4 and SE/4 NW/4.

This application has been duly filed under the provisions of: (i) Division Rule 104.D (2), revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999; (ii) Division Rule 605; and (iii) the "*Special Rules and Regulations for the Tubb Oil and Gas Pool*", as promulgated by Division Order No. R-8170, as amended.

It is our understanding from this application and the Division's records that the aforementioned standard 160-acre GPU had, until recently, the following two wells simultaneously dedicated to it:

- (i) S. J. Sarkeys Well No. 1 (API No. 30-025-06791), located at a standard gas well location 1980 feet from the North line and 660 feet from the West line (Unit E) of Section 26; and

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(ii) S. J. Sarkeys Well No. 5 (API No. 30-025-22023), located at an unorthodox infill gas well location [approved by Division Administrative Order NSL-3748 (SD), dated December 27, 1996] 330 feet from the North line and 2310 feet from the West line (Unit C) of Section 26.

With the recent recompletion of the S. J. Sarkeys Well No. 5 in Unit "C" of Section 26 as a Tubb "oil" well, its assigned standard 40-acre oil spacing and proration unit comprising the NE/4 NW/4 of Section 26 is to be omitted from this 160-acre GPU at this time.

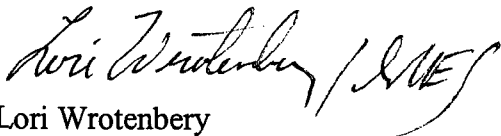
By authority granted me under the provisions of Division Rules 605.B (2) (b) and 104.D (2) and the applicable provisions of the special pool rules governing the Tubb Oil and Gas Pool, the above-described 120-acre non-standard GPU is hereby approved.

Further, Chevron is permitted to produce the allowable assigned this 120-acre unit from the S. J. Sarkeys Well No. 1 in accordance with Rule 8 of the special rules governing the Tubb Oil and Gas Pool and Division Rule 605.D (4) (a).

Division Administrative Order NSL-3748 (SD) is hereby placed in abeyance until further notice.

Jurisdiction of this matter shall be further retained for the entry of any such subsequent orders as the Division may deem necessary.

Sincerely,



Lori Wrotenberg
Director

cc: New Mexico Oil Conservation Division - Hobbs
File: NSL-3748 (SD)
NSP-1350 /